

HODGEMAN COUNTY, KANSAS

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2009**

HODGEMAN COUNTY, KANSAS

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Summary of Cash Receipts, Expenditures, and Unencumbered Cash.....	3
Summary of Expenditures – Actual and Budget.....	4
Statement of Cash Receipts and Expenditures – Actual and Budget:	
General Fund.....	5
Road and Bridge Fund.....	7
Extension Council Fund	8
Noxious Weed Fund	9
Noxious Weed Capital Outlay Fund.....	10
County Hospital Fund	11
Ambulance Fund.....	12
Special Alcohol and Drug Fund.....	13
Rural Fire District Fund	14
Bond and Interest Fund	15
No-Fund Warrants Fund	16
Combining Statement of Cash Receipts and Expenditures – All Non-Budgeted Funds.....	17
Summary of Cash Receipts and Cash Disbursements – Agency Funds.....	19
Notes to Financial Statements	20

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
County of Hodgeman, Kansas
Jetmore, Kansas

We have audited the accompanying financial statements of Hodgeman County, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note A, Hodgeman County, Kansas, has prepared these financial statements using accounting practices prescribed by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2009, or the changes in its financial position for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of Hodgeman County, Kansas, as of December 31, 2009, its cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

August 31, 2010

HODGEMAN COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH

Year ended December 31, 2009

<u>Fund</u>	Beginning unencumbered cash balance	Cash receipts	Expenditures
Governmental type funds:			
General	\$ 314,700	\$ 2,416,210	\$ 2,378,809
Special revenue:			
Road and bridge	10,579	1,277,701	1,056,854
Extension council	1,842	91,783	91,000
Noxious weed	10,552	306,025	315,613
Noxious weed capital outlay	108,913	-	31,590
County hospital	5,780	883,474	879,000
Ambulance	70,737	137,433	123,169
Special alcohol/drug	1,830	-	270
Rural fire district	10,045	68,196	31,588
Non-budgeted special revenue:			
Special machinery	471,589	200,000	352,878
Ambulance equipment	33,157	-	33,157
Prosecuting attorney trust	3,548	482	241
Special motor vehicle	14,902	23,267	6,875
Register of deeds technology	9,223	8,671	5,948
Municipal equipment reserve	185,474	25,000	10,134
Capital improvements	201,147	75,000	53,800
Prairie dog	(1,483)	-	(1,483)
Bioterrorism grant	(618)	9,595	16,289
Micro loan grant	-	-	1,169
Micro loan grant revolving	28,672	7,900	-
Rural fire equipment	1,330	-	540
E911	1,544	17,465	6,189
911 surcharge	16,728	8,108	110
E911 Sheriff grant	2,924	2,364	3,257
Law enforcement trust fund	17,770	-	7,260
Highway department mitigation fund	10,840	10,840	10,840
Special highway improvements	150,000	100,000	-
Debt service fund:			
Bond and interest	135,760	378,291	445,704
No-fund warrants	-	155,459	146,087
Hospital bond debt service reserve	95,330	73	-
Capital project fund:			
Hospital bond	-	127	39
Hospital bond #2	760,112	3,143	486,768
Total - excluding agency funds	<u>\$ 2,672,927</u>	<u>\$ 6,206,607</u>	<u>\$ 6,493,695</u>
Composition of cash balance:			
Super now account			
Checking account			
Bond			
Money market account			
Micro loan account			
Cash and cash items on hand			
Certificates of deposit			
Total cash			
Agency funds			
Total - excluding agency funds			

The accompanying notes are an integral part of the financial statements.

Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending cash balance
\$ 352,101	\$ 7,831	\$ 359,932
231,426	-	231,426
2,625	-	2,625
964	-	964
77,323	-	77,323
10,254	-	10,254
85,001	-	85,001
1,560	-	1,560
46,653	-	46,653
318,711	-	318,711
-	-	-
3,789	-	3,789
31,294	-	31,294
11,946	-	11,946
200,340	-	200,340
222,347	-	222,347
-	-	-
(7,312)	-	(7,312)
(1,169)	1,169	-
36,572	-	36,572
790	-	790
12,820	-	12,820
24,726	-	24,726
2,031	-	2,031
10,510	-	10,510
10,840	-	10,840
250,000	-	250,000
68,347	-	68,347
9,372	-	9,372
95,403	-	95,403
88	-	88
276,487	-	276,487
<u>\$ 2,385,839</u>	<u>\$ 9,000</u>	<u>\$ 2,394,839</u>

\$ 1,077,841
19,757
94,991
2,986,278
36,572
262
<u>2,300,000</u>
6,515,701
<u>(4,120,862)</u>
<u>\$ 2,394,839</u>

HODGEMAN COUNTY, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2009

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustments for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 2,599,234	\$ -	\$ 2,599,234	\$ 2,378,809	\$ 220,425
Special revenue funds:					
Road and bridge	1,350,000	-	1,350,000	1,056,854	293,146
Extension council	91,000	-	91,000	91,000	-
Noxious weed	412,000	-	412,000	315,613	96,387
Noxious weed capital outlay	118,465	-	118,465	31,590	86,875
County hospital	879,000	-	879,000	879,000	-
Ambulance	130,000	-	130,000	123,169	6,831
Special alcohol and drug	2,971	-	2,971	270	2,701
Rural fire district	77,000	-	77,000	31,588	45,412
Bond and interest	446,705	-	446,705	445,704	1,001
No-fund warrants	147,000	-	147,000	146,087	913
 Total primary government	 <u>\$ 6,253,375</u>	 <u>\$ -</u>	 <u>\$ 6,253,375</u>	 <u>\$ 5,499,684</u>	 <u>\$ 753,691</u>

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 1,853,005	\$ 1,959,198	\$ 1,949,174	\$ 10,024
Delinquent tax	22,642	19,537	15,000	4,537
Motor vehicle tax	103,260	131,014	122,718	8,296
Recreational vehicle tax	999	1,075	1,132	(57)
16/20M truck tax	13,421	17,018	12,966	4,052
Mineral production tax	25,102	10,755	15,000	(4,245)
Health grants	11,376	12,745	10,000	2,745
Licenses, permits and fees	90,798	61,894	45,000	16,894
Fines, forfeitures and penalties	14,113	30,719	10,000	20,719
Charges for services	150,634	140,876	113,943	26,933
Interest	89,101	15,777	90,000	(74,223)
Other	14,762	15,602	5,000	10,602
Operating transfers	14,308	-	8,000	(8,000)
Total cash receipts	2,403,521	2,416,210	\$ 2,397,933	\$ 18,277
Expenditures:				
County Commissioners	74,252	78,774	\$ 134,000	\$ 55,226
County Clerk	51,581	56,356	57,000	644
County Treasurer	69,533	69,770	71,000	1,230
County Attorney	46,657	46,233	54,000	7,767
Register of Deeds	51,444	60,188	56,000	(4,188)
District Court	30,181	27,866	41,250	13,384
Law enforcement	368,314	374,952	380,770	5,818
Health department	134,911	144,008	160,744	16,736
Solid waste	152,239	124,761	189,000	64,239
Courthouse general	80,763	98,841	156,000	57,159
Park and pool	30,455	31,686	35,000	3,314
Election	20,861	7,397	15,000	7,603
Appraiser cost	102,068	98,195	109,000	10,805
Judgments and tort liability	97,477	96,959	100,000	3,041
Employee benefits	825,381	822,349	875,000	52,651
Emergency management	11,556	6,945	11,000	4,055
Other	20,389	54,059	75,000	20,941

HODGEMAN COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2008	Actual	Budget	
Appropriations:				
Fair building	\$ 9,673	\$ 11,931	\$ 11,931	\$ -
Soil Conservation	18,000	18,000	18,000	-
Elderly services	17,325	17,325	17,325	-
Historical Society	3,000	3,000	3,000	-
Community Mental Health	29,214	29,214	29,214	-
Operating transfers	100,000	100,000	-	(100,000)
Total expenditures and transfers	2,345,274	2,378,809	\$ 2,599,234	\$ 220,425
Receipts over (under) expenditures	58,247	37,401		
Unencumbered cash, beginning of year	251,208	314,700	\$ 201,301	\$ 113,399
Residual equity transfer in	5,245	-		
Unencumbered cash, end of year	\$ 314,700	\$ 352,101		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

ROAD AND BRIDGE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2009		
	2008	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 825,451	\$ 997,253	\$ 992,195	\$ 5,058
Delinquent tax	10,481	8,806	4,000	4,806
Motor vehicle tax	49,168	59,685	54,668	5,017
Recreational vehicle tax	477	486	504	(18)
16/20M truck tax	5,548	8,269	5,776	2,493
Gasoline tax	211,733	188,118	220,000	(31,882)
Other	23,310	15,084	5,000	10,084
Total cash receipts	<u>1,126,168</u>	<u>1,277,701</u>	<u>\$ 1,282,143</u>	<u>\$ (4,442)</u>
Expenditures:				
Highways and streets	842,122	756,854	\$ 1,250,000	\$ 493,146
Operating transfers	<u>350,000</u>	<u>300,000</u>	<u>100,000</u>	<u>(200,000)</u>
Total expenditures	<u>1,192,122</u>	<u>1,056,854</u>	<u>\$ 1,350,000</u>	<u>\$ 293,146</u>
Receipts over (under) expenditures	(65,954)	220,847		
Unencumbered cash, beginning of year	<u>76,533</u>	<u>10,579</u>	<u>\$ 67,857</u>	<u>\$ (57,278)</u>
Unencumbered cash, end of year	<u>\$ 10,579</u>	<u>\$ 231,426</u>		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

EXTENSION COUNCIL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 94,127	\$ 83,673	\$ 83,228	\$ 445
Delinquent tax	937	945	400	545
Motor vehicle tax	4,319	6,387	6,235	152
Recreational vehicle tax	42	53	58	(5)
16/20M truck tax	496	725	659	66
Total cash receipts	99,921	91,783	\$ 90,580	\$ 1,203
Expenditures:				
Appropriation	99,800	91,000	\$ 91,000	\$ -
Receipts over (under) expenditures	121	783		
Unencumbered cash, beginning of year	1,721	1,842	\$ 420	\$ 1,422
Unencumbered cash, end of year	\$ 1,842	\$ 2,625		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

NOXIOUS WEED FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 80,796	\$ 108,854	\$ 108,323	\$ 531
Delinquent tax	1,478	982	500	482
Motor vehicle tax	6,427	6,338	5,350	988
Recreational vehicle tax	62	50	49	1
16/20M truck tax	797	1,067	565	502
Chemical sales	221,704	158,734	250,000	(91,266)
Operating transfers	-	30,000	-	30,000
Total cash receipts	311,264	306,025	<u>\$ 364,787</u>	<u>\$ (58,762)</u>
Expenditures:				
Highways and streets	341,315	315,613	<u>\$ 412,000</u>	<u>\$ 96,387</u>
Receipts over (under) expenditures	(30,051)	(9,588)		
Unencumbered cash, beginning of year	40,603	10,552	<u>\$ 47,213</u>	<u>\$ (36,661)</u>
Unencumbered cash, end of year	<u>\$ 10,552</u>	<u>\$ 964</u>		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

NOXIOUS WEED CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Miscellaneous	\$ 5,214	\$ -	\$ -	\$ -
Expenditures:				
Highways and streets	14,766	1,590	\$ 118,465	\$ 116,875
Operating transfers	-	30,000	-	(30,000)
Total expenditures	14,766	31,590	\$ 118,465	\$ 86,875
Receipts over (under) expenditures	(9,552)	(31,590)		
Unencumbered cash, beginning of year	118,465	108,913	\$ 118,465	\$ (9,552)
Unencumbered cash, end of year	\$ 108,913	\$ 77,323		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

COUNTY HOSPITAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2008	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 256,267	\$ 259,768	\$ 258,426	\$ 1,342
Delinquent tax	3,311	2,779	1,000	1,779
Motor vehicle tax	14,762	18,319	16,972	1,347
Recreational vehicle tax	143	150	157	(7)
16/20M truck tax	1,792	2,458	1,793	665
Proceeds of no-fund warrants	600,000	600,000	600,000	-
Total cash receipts	876,275	883,474	<u>\$ 878,348</u>	<u>\$ 5,126</u>
Expenditures:				
Appropriation	879,000	879,000	<u>\$ 879,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	(2,725)	4,474		
Unencumbered cash, beginning of year	8,505	5,780	<u>\$ 652</u>	<u>\$ 5,128</u>
Unencumbered cash, end of year	<u>\$ 5,780</u>	<u>\$ 10,254</u>		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

AMBULANCE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2009		
	2008	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 57,199	\$ 43,817	\$ 43,585	\$ 232
Delinquent tax	800	625	300	325
Motor vehicle tax	3,991	4,314	3,789	525
Recreational vehicle tax	39	35	35	-
16/20M truck tax	478	666	400	266
Charges for services	58,233	82,628	30,000	52,628
Other	-	5,348	-	5,348
Total cash receipts	<u>120,740</u>	<u>137,433</u>	<u>\$ 78,109</u>	<u>\$ 59,324</u>
Expenditures:				
Health and welfare	120,001	123,169	\$ 100,000	\$ (23,169)
Operating transfer	-	-	30,000	30,000
Total expenditures	<u>120,001</u>	<u>123,169</u>	<u>\$ 130,000</u>	<u>\$ 6,831</u>
Receipts over (under) expenditures	739	14,264		
Unencumbered cash, beginning of year	<u>69,998</u>	<u>70,737</u>	<u>\$ 51,891</u>	<u>\$ 18,846</u>
Unencumbered cash, end of year	<u>\$ 70,737</u>	<u>\$ 85,001</u>		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

SPECIAL ALCOHOL AND DRUG FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ 359	\$ -	<u>\$ 800</u>	<u>\$ (800)</u>
Expenditures:				
Health and welfare	<u>-</u>	<u>270</u>	<u>\$ 2,971</u>	<u>\$ 2,701</u>
Receipts over (under) expenditures	359	(270)		
Unencumbered cash, beginning of year	<u>1,471</u>	<u>1,830</u>	<u>\$ 2,171</u>	<u>\$ (341)</u>
Unencumbered cash, end of year	<u>\$ 1,830</u>	<u>\$ 1,560</u>		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

RURAL FIRE DISTRICT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 64,316	\$ 63,383	\$ 63,535	\$ (152)
Delinquent tax	327	601	100	501
Motor vehicle tax	1,456	2,693	2,848	(155)
Recreational vehicle tax	12	24	26	(2)
16/20M truck tax	295	391	302	89
Other	716	1,104	1,000	104
Total cash receipts	67,122	68,196	\$ 67,811	\$ 385
Expenditures:				
Public safety	49,360	31,588	\$ 57,000	\$ 25,412
Operating transfers	12,000	-	20,000	20,000
Total expenditures	61,360	31,588	\$ 77,000	\$ 45,412
Receipts over (under) expenditures	5,762	36,608		
Unencumbered cash, beginning of year	4,283	10,045	\$ 9,189	\$ 856
Unencumbered cash, end of year	\$ 10,045	\$ 46,653		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2009			Variance
	2008	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 136,672	\$ 170,199	\$ 169,365	\$ 834
Delinquent tax	-	1,054	-	1,054
Motor vehicle tax	-	7,252	9,051	(1,799)
Recreational vehicle tax	-	66	83	(17)
16/20M truck tax	-	-	956	(956)
Sales tax	197,148	199,720	165,000	34,720
Total cash receipts	333,820	378,291	\$ 344,455	\$ 33,836
Expenditures:				
Debt service	300,051	445,704	\$ 446,705	\$ 1,001
Receipts over (under) expenditures	33,769	(67,413)		
Unencumbered cash, beginning of year	101,991	135,760	\$ 102,250	\$ 33,510
Unencumbered cash, end of year	\$ 135,760	\$ 68,347		

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

NO-FUND WARRANTS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,		
	2009		
	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes and shared revenue:			
Ad valorem property tax	\$ 155,459	<u>\$ 154,700</u>	<u>\$ 759</u>
Expenditures:			
Debt service	<u>146,087</u>	<u>\$ 147,000</u>	<u>\$ 913</u>
Receipts over (under) expenditures	9,372		
Unencumbered cash, beginning of year	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Unencumbered cash, end of year	<u>\$ 9,372</u>	<u>\$ 7,700</u>	

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS

COMBINING STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS

Year ended December 31, 2009

	Special revenue			
	Special Machinery	Ambulance Equipment	Prosecuting Attorney Trust	Special Motor Vehicle
Cash receipts:				
Federal aid	\$ -	\$ -	\$ -	\$ -
State aid	-	-	-	-
Court fees	-	-	482	-
Motor vehicle fees	-	-	-	23,267
ROD tech fees	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Operating transfers	200,000	-	-	-
Total cash receipts	200,000	-	482	23,267
Expenditures:				
General government	-	-	241	6,875
Public safety	-	-	-	-
Highways and streets	352,878	-	-	-
Health and welfare	-	33,157	-	-
Other	-	-	-	-
Total expenditures	352,878	33,157	241	6,875
Receipts over (under) expenditures	(152,878)	(33,157)	241	16,392
Unencumbered cash, beginning of year	471,589	33,157	3,548	14,902
Unencumbered cash, end of year	\$ 318,711	\$ -	\$ 3,789	\$ 31,294

The accompanying notes are an integral
part of the financial statements.

Special revenue					
Register of Deeds Technology	Municipal Equipment Reserve	Capital Improve- ments	Prairie Dog	Bioterrorism Grant	Micro Loan Grant
\$ -	\$ -	\$ -	\$ -	\$ 9,595	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,671	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	25,000	75,000	-	-	-
<u>8,671</u>	<u>25,000</u>	<u>75,000</u>	<u>-</u>	<u>9,595</u>	<u>-</u>
5,948	10,134	53,800	(1,483)	-	1,169
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	16,289	-
-	-	-	-	-	-
<u>5,948</u>	<u>10,134</u>	<u>53,800</u>	<u>(1,483)</u>	<u>16,289</u>	<u>1,169</u>
2,723	14,866	21,200	1,483	(6,694)	(1,169)
<u>9,223</u>	<u>185,474</u>	<u>201,147</u>	<u>(1,483)</u>	<u>(618)</u>	<u>-</u>
<u>\$ 11,946</u>	<u>\$ 200,340</u>	<u>\$ 222,347</u>	<u>\$ -</u>	<u>\$ (7,312)</u>	<u>\$ (1,169)</u>

HODGEMAN COUNTY, KANSAS

COMBINING STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS (CONTINUED)

Year ended December 31, 2009

	Special revenue				
	Micro Loan Grant Revolving	Rural Fire Equipment	E911	911 Surcharge	E911 Sheriff Grant
Cash receipts:					
Federal aid	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	-	-	17,465	-	2,354
Court fees	-	-	-	-	-
Motor vehicle fees	-	-	-	-	-
ROD tech fees	-	-	-	-	-
Interest	-	-	-	-	10
Other	7,900	-	-	8,108	-
Operating transfers	-	-	-	-	-
Total cash receipts	<u>7,900</u>	<u>-</u>	<u>17,465</u>	<u>8,108</u>	<u>2,364</u>
Expenditures:					
General government	-	-	6,189	110	-
Public safety	-	540	-	-	3,257
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>-</u>	<u>540</u>	<u>6,189</u>	<u>110</u>	<u>3,257</u>
Receipts over (under) expenditures	7,900	(540)	11,276	7,998	(893)
Unencumbered cash, beginning of year	<u>28,672</u>	<u>1,330</u>	<u>1,544</u>	<u>16,728</u>	<u>2,924</u>
Unencumbered cash, end of year	<u>\$ 36,572</u>	<u>\$ 790</u>	<u>\$ 12,820</u>	<u>\$ 24,726</u>	<u>\$ 2,031</u>

The accompanying notes are an integral
part of the financial statements.

Law Enforcement Trust	Special revenue		Debt service Hospital Bond Debt Service Reserve	Capital project		Total
	Highway Dept. Mitigation	Special Highway Improvements		Hospital Bond	Hospital Bond #2	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,595
-	10,840	-	-	-	-	30,659
-	-	-	-	-	-	482
-	-	-	-	-	-	23,267
-	-	-	-	-	-	8,671
-	-	-	73	127	3,104	3,314
-	-	-	-	-	39	16,047
-	-	100,000	-	-	-	400,000
-	10,840	100,000	73	127	3,143	492,035
-	-	-	-	-	-	82,983
7,260	10,840	-	-	-	-	21,897
-	-	-	-	-	-	352,878
-	-	-	-	-	486,768	536,214
-	-	-	-	39	-	39
7,260	10,840	-	-	39	486,768	994,011
(7,260)	-	100,000	73	88	(483,625)	(501,976)
17,770	10,840	150,000	95,330	-	760,112	2,002,189
<u>\$ 10,510</u>	<u>\$ 10,840</u>	<u>\$ 250,000</u>	<u>\$ 95,403</u>	<u>\$ 88</u>	<u>\$ 276,487</u>	<u>\$ 1,500,213</u>

HODGEMAN COUNTY, KANSAS

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended December 31, 2009

Fund	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
County Clerk	\$ -	\$ 1,642	\$ 1,580	\$ 62
Register of Deeds	-	39,317	39,317	-
District Court	1,605	112,455	104,827	9,233
Sheriff	764	37,723	36,976	1,511
Tax collection accounts	4,432,048	6,431,020	6,768,274	4,094,794
Local taxing districts	400	2,517,041	2,517,441	-
Cafeteria plan	3	2,700	2,700	3
Fish and game licenses and hatchery fees	-	1,506	1,407	99
Heritage trust	-	425	333	92
Motor vehicle fees and sales tax collections	(5)	249,448	243,388	6,055
Law library	5,293	4,220	500	9,013
Total	<u>\$ 4,440,108</u>	<u>\$ 9,397,497</u>	<u>\$ 9,716,743</u>	<u>\$ 4,120,862</u>

The accompanying notes are an integral
part of the financial statements.

HODGEMAN COUNTY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the County's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the County's management, which is responsible for their integrity and objectivity. The amounts shown for 2008 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2009, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

1. Financial reporting entity

Hodgeman County, Kansas is a municipal corporation governed by an elected five-member commission. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the County has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the County's legally adopted budget and trust funds controlled or administered by County employees in their capacity as County employees. These financial statements present Hodgeman County, Kansas, (the primary government) and do not include the following component units:

Hodgeman County Hospital: The members of the governing board of the Hospital are appointed by the County Commissioners. Although the County Commissioners do not have the authority to modify or approve the Hospital's operating budget, the Hospital is fiscally dependent on the County because the County provides substantial support.

Hodgeman County Extension Council: The Extension Council has an elected board for its governing body. The County can impose its will on the Extension Council because it has the ability to modify or approve the operating budget of the Council. Because the Council receives substantial financial support from the County, it is fiscally dependent on the County, although it receives some other support.

Financial information of the individual component units may be obtained directly from their administrative offices as follows:

Hodgeman County Hospital
809 W. Bramley St.
Jetmore, Kansas 67854

Hodgeman County Extension Council
Hodgeman County Courthouse
Jetmore, Kansas 67854

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting

The accounts of the County are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. County resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds comprise the financial activities of the County for the year 2009:

GOVERNMENTAL FUNDS

General Fund

This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than trust funds or major capital projects that are legally restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds

These funds are established to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt of the County.

Capital Projects Funds

These funds are established to account for major capital expenditures not financed by enterprise funds.

FIDUCIARY FUNDS

Agency Funds

These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The County has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary control and encumbrances

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. Budgets were amended for the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Hospital maintenance	\$ 279,000	\$ 879,000

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any used budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds and the following special revenue funds:

Special machinery	Micro loan grant
Ambulance equipment	Micro loan grant revolving
Prosecuting attorney trust	Rural fire equipment
Special motor vehicle	E911
Register of deeds technology	911 surcharge
Municipal equipment reserve	E911 Sheriff grant
Capital improvements	Law enforcement trust
Prairie dog	Highway dept. mitigation
Emergency management	Special highway improvements
Bioterrorism grant	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Cash and investments

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash account. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the general fund and other appropriate funds. Investments consist of time deposits and certificates of deposit and they are reported at cost.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Pension plan

Substantially all full-time employees of the County are members of the State of Kansas Public Employees' Retirement System (KPERS) which is a cost-sharing multi-employer state-wide pension plan. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

7. Compensated absences

The County's policies regarding vacation permits non-elected employees with one year of employment to earn ten days of vacation. Employees with greater than ten years of employment earn 15 days of vacation per year. All employees are allowed to carry over vacation one year past their anniversary date for a maximum accumulation of 20 days for employees with ten years of service or less and 30 days for employees with more than ten years of service. Upon termination or resignation from service with the County, employees are entitled to payment for all accrued vacation earned prior to termination or resignation, provided two weeks notice is given.

All non-elected employees on permanent status earn sick leave at the rate of one day per month of service with a maximum accumulation of 90 days. Part-time employees do not earn sick leave. No allowance for unused sick leave is paid upon termination, resignation or retirement. The liability for accrued vacation has been reflected in Note D, representing the County's commitment to fund such costs from future operations.

8. Section 125 plan

The County offers a section 125 flexible benefit plan to employees electing to participate. It is used for cancer and vision insurance premiums. The plan is administered by an independent company.

9. Deferred compensation plan

The County offers employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457.

10. Other post employment benefits

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the County under this program.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The County purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

12. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the County.

K.S.A. 8-145 requires the municipality to transfer any balance remaining in the Special Motor Vehicle Fund to the General Fund prior to June 1, of the following calendar year. The prior year balance of \$14,902 had not been transferred according to K.S.A. 8-145.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of available monies in that fund. Although, as indicated in the financial statements, the Bioterrorism Grant and Micro Loan Grant funds have cash deficits of \$7,312 and \$1,169, respectively, according to K.S.A. 12-1664, the County is not prohibited from financing the federal or state share of a local program from current funds if available.

C. DEPOSITS AND INVESTMENTS

Policies. The County has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the County, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the County may invest in any one issuer.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$6,515,442. The bank balance was \$6,646,738. Of the bank balance, \$526,187 was covered by FDIC insurance, \$6,120,551, was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the County's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the County for the year ended December 31, 2009, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Hospital bonds - Series 2006:					
Issued December 11, 2006					
In the amount of \$4,100,000					
At interest rates of 3.7% to 5.0%					
Maturing September 1, 2027	\$ 4,100,000	\$ -	\$ 100,000	\$ 4,000,000	\$ 171,458
Hospital bonds – Series 2008:					
Issued June 1, 2008					
In the amount of \$1,700,000					
At interest rates of 2.7% to 5.5%					
Maturing September 1, 2018	<u>1,700,000</u>	<u>-</u>	<u>100,000</u>	<u>1,600,000</u>	<u>74,247</u>
Subtotal	<u>5,800,000</u>	<u>-</u>	<u>200,000</u>	<u>5,600,000</u>	<u>245,705</u>
No-fund warrants:					
Hodgeman County Health Center					
Hanston State Bank					
Issued July 24, 2008					
In the amount of \$300,000					
At interest rates of 3.75% to 4.75%					
Maturing August 20, 2013	300,000	-	60,000	240,000	13,108
Farmers State Bank					
Issued July 23, 2008					
In the amount of \$300,000					
At interest rate of 4.212%					
Maturing August 20, 2013	300,000	-	60,000	240,000	12,979
Hanston State Bank					
Issued October 20, 2009					
In the amount of \$600,000					
At interest rates of 3% to 4%					
Maturing August 20, 2014	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Subtotal	<u>600,000</u>	<u>600,000</u>	<u>120,000</u>	<u>1,080,000</u>	<u>26,087</u>
Capital leases:					
Two Caterpillar 140H motor graders					
Issued April 25, 2005					
In the amount of \$327,053					
At interest rate of 4.30%					
Maturing May 21, 2010	69,567	-	69,567	-	3,336
2006 John Deere Wheel Loader					
Issued May 20, 2006					
In the amount of \$148,900					
At interest rate of 5.25%					
Maturing May 20, 2012	87,015	-	20,075	66,940	4,680

D. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases (continued):					
Caterpillar Generator Issued April 30, 2007 In the amount of \$42,447 At interest rate of 5.725% Maturing April 15, 2012	\$ 34,803	\$ -	\$ 7,988	\$ 26,815	\$ 1,992
Caterpillar Scraper Issued December 5, 2007 In the amount of \$130,317 At interest rate of 4.0% Maturing January 25, 2013	80,317	-	24,313	56,004	5,662
Ambulance Issued August 14, 2008 In the amount of \$111,685 At interest rate of 5.205% Maturing December 31, 2010	61,685	-	29,425	32,260	4,515
Two Caterpillar 12 M Motor Graders Issued August 26, 2009 In the amount of \$112,500 At interest rates of 4% Maturing August 26, 2014	-	112,500	-	112,500	-
Subtotal	<u>333,387</u>	<u>112,500</u>	<u>151,368</u>	<u>294,519</u>	<u>20,185</u>
Total contractual indebtedness	6,733,387	712,500	471,368	6,974,519	291,977
Compensated absences:					
Vacation	109,211	3,938	-	113,149	-
Landfill closure and post-closure care	<u>366,634</u>	<u>22,487</u>	<u>-</u>	<u>389,121</u>	<u>-</u>
Total long-term debt	<u>\$ 7,209,232</u>	<u>\$ 738,925</u>	<u>\$ 471,368</u>	<u>\$ 7,476,789</u>	<u>\$ 291,977</u>

Current maturities of 2006 series general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2010	\$ 130,000	\$ 166,458	\$ 296,458
2011	140,000	159,957	299,957
2012	150,000	152,957	302,957
2013	160,000	145,457	305,457
2014	165,000	137,458	302,458
2015-2019	985,000	586,732	1,571,732
2020-2024	1,305,000	370,048	1,675,048
2025-2027	<u>965,000</u>	<u>83,360</u>	<u>1,048,360</u>
Total	<u>\$ 4,000,000</u>	<u>\$ 1,802,427</u>	<u>\$ 5,802,427</u>

D. LONG-TERM DEBT (CONTINUED)

Current maturities of 2008 series general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2010	\$ 130,000	\$ 53,898	\$ 183,898
2011	150,000	47,397	197,397
2012	160,000	43,348	203,348
2013	170,000	38,787	208,787
2014	175,000	33,688	208,688
2015-2018	<u>815,000</u>	<u>73,435</u>	<u>888,435</u>
Total	<u>\$ 1,600,000</u>	<u>\$ 290,553</u>	<u>\$ 1,890,553</u>

Current maturities of 2008 no-fund warrants and interest for the next four years are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2010	\$ 120,000	\$ 19,382	\$ 139,382
2011	120,000	14,417	134,417
2012	120,000	9,313	129,313
2013	<u>120,000</u>	<u>4,039</u>	<u>124,039</u>
Total	<u>\$ 480,000</u>	<u>\$ 47,151</u>	<u>\$ 527,151</u>

Current maturities of 2009 no-fund warrants and interest for the next five years are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2010	\$ 120,000	\$ 16,600	\$ 136,600
2011	120,000	16,425	136,425
2012	120,000	12,450	132,450
2013	120,000	8,175	128,175
2014	<u>120,000</u>	<u>3,600</u>	<u>123,600</u>
Total	<u>\$ 600,000</u>	<u>\$ 57,250</u>	<u>\$ 657,250</u>

Current maturities of capital leases and interest for the next five years are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2010	\$ 109,636	\$ 13,582	\$ 123,218
2011	80,908	8,371	89,279
2012	56,312	4,674	60,986
2013	23,364	1,907	25,271
2014	<u>24,299</u>	<u>972</u>	<u>25,271</u>
Total	<u>\$ 294,519</u>	<u>\$ 29,506</u>	<u>\$ 324,025</u>

E. DEFINED BENEFIT PENSION PLAN

Plan description. Hodgeman County contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1, and 6% for Tier 2 (employees hired on or after July 1, 2009). The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The KPERS employer rate established for 2009 was 6.54% for January, February and December, and 5.54% for the other nine months. The County employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$66,404, \$58,117, and \$46,368, respectively, equal to the required contributions for each year.

F. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Statutory authority</u>	<u>Amount</u>
Operating transfers:			
Road and bridge	Special highway improvements	K.S.A. 68-590	\$ 100,000
Road and bridge	Special machinery	K.S.A. 68-141g	200,000
General	Municipal equipment reserve	K.S.A. 19-119	25,000
General	Capital improvement	K.S.A. 19-120	75,000
Noxious weed			
Capital outlay	Noxious weed	K.S.A. 2-1318	<u>30,000</u>
			<u>\$ 430,000</u>

G. CLOSURE AND POSTCLOSURE COSTS OF LANDFILL

State and federal laws and regulations require the County to place a final cover on landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as change in long-term debt in each period based on landfill capacity used as of each financial statement date. The amount of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year.

G. CLOSURE AND POSTCLOSURE COSTS OF LANDFILL (CONTINUED)

The landfill closure and postclosure care liability for the open cell is \$665,277 at December 31, 2009. This represents the cumulative amount reported to date based on the use of 91 percent of the estimated capacity of the area currently open. The County will recognize the remaining estimated liability for closure and postclosure care of \$276,156 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual cost may differ due to inflation, changes in technology, or changes in regulations. The County will cover these costs through future charges to landfill users and future ad valorem tax revenues. The County expects the current cell to operate for approximately twelve years.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components; financial, public notice, record keeping and reporting, and calculation of costs to be assured. The County has satisfied all of the requirements.

H. CONTINGENCIES

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant.

I. CDBG LOANS

In 2003, the County issued a \$17,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 5.25% is to be repaid over a period of five years. Loan payments are \$316 per month, including principal and interest. At December 31, 2009 the loan had been written off in the amount of \$3,812.

In 2003, the County issued a \$16,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 4.25% is to be repaid over a period of seven years. Loan payments are \$214 per month, including principal and interest. The loan was paid in full on February 4, 2009.

In 2003, the County issued a \$15,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 4.25% is to be repaid over a period of ten years. Loan payments are \$162 per month, including principal and interest. At December 31, 2009 the loan balance was \$6,555.

In 2005, the County issued a \$15,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 5.25% is to be repaid over a period of seven years. Loan payments are \$222 per month, including principal and interest. At December 31, 2009 the loan balance was \$14,151 and it was noted that the last payment was in July of 2007.

In 2006, the County issued a \$12,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 4.25% is to be repaid over a period of five years. Loan payments are \$229 per month, including principal and interest. At December 31, 2009 the loan balance was \$6,167.

I. CDBG LOANS (CONTINUED)

In 2008, the County issued a \$15,000 revolving loan to a local business from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 4.00% is to be repaid over a period of ten years. Loan payments are \$173 per month, including principal and interest. At December 31, 2009 the loan balance was \$13,100.

J. CONDUIT DEBT OBLIGATIONS

The County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$705,000.

K. COMMITMENTS

In June of 2008 the County issued an additional \$1,700,000 in general obligation bonds for the improvements to the Hodgeman County Health Center. These bonds are to be used in combination with the \$4,100,000 issued in December of 2006. As of December 31, 2009, of the original \$1,700,000 authorized for the project \$276,571 remained.

L. MEDICAL SELF INSURANCE

Hodgeman County maintains a self-insurance program that is handled by an outside administrator who determines claims to be paid by the company. A stop loss insurance policy is purchased by the company to cover claims above \$20,000 per employee. Changes in claims liability for the past two years have been as follows:

<u>Year ended December 31,</u>	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
2008	\$ 15,663	\$ 273,960	\$ 357,189	\$ 67,566
2009	67,566	337,180	412,577	7,831

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 31, 2010, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.